GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7753
ANSWERED ON:17.05.2002
LORD KRISHNA BANK AND CATHOLIC SYRIAN BANK
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether current accounts were opened in different branches of Lord Krishna Bank and Catholic Syrian Bank and huge amounts were transferred to other branches in Tamil Nadu and Kerala allegedly supposed to be used for terrorist activities;

(b) if so, whether the matter has been investigated; and

(c) if so, the action taken against the bank`s officials responsible for opening those accounts ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a),(b)&(c): RBI has reported that the Enforcement Directorate had informedthat one party had opened certain accounts in various branches of Kerala based private sector banks including Lord Krishna Bank Ltd. and CatholicSyrian Bank Ltd. without adhering to the normal stipulations prescribed by RBI and large scale transfer of funds as well as operations in cash took placein these accounts. RBI had conducted preliminary scrutiny which revealed certain irregularities, detailed scrutiny is being conducted by RBI.